

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2146

Title: Acquisition of SME Wholesale Finance London Limited (SMEWFL)

Executive Summary:

This MD follows on from MD2086, which approved the acquisition by the GLA of SME Wholesale Finance London Limited ("SMEWFL/ "the Company"). The acquisition will be brought about by the GLA becoming SMEWFL's sole company member. This MD sets out in more detail – and asks the Mayor to approve – the proposed arrangements for acquiring SMEWFL and its subsequent governance and management.

Decision:

It is requested that the Mayor approves:

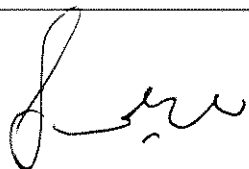
1. The appointment of the Assistant Director ("AD") of Intelligence (or such substitute as he may nominate) to represent the Mayor on SMEWFL's Board of Directors as the GLA's nominated Director;
2. The proposed amended Articles of Association at Appendix 1 and a delegation to the Executive Director of Development, Enterprise and Environment to allow her to agree any further non-material changes to the text necessary to finalise the acquisition of SMEWFL, subject to the approval of the existing Company Board of Directors;
3. A delegation to the Head of Paid Service, in consultation with the Chief of Staff, to review and change the appointed GLA Member Representative and/or GLA nominated Director for a period of 12 months from this decision;
4. The continued appointment of the persons listed in Appendix 2 as Directors of the Company subject to them agreeing the terms and conditions of appointment (to be sent separately);
5. The exclusion of SMEWFL from "Mayoral Decision Making in the GLA" ("MDM"), including Part F and the definition of GLA Subsidiary Company in that document, except as required to implement decision 6 below;
6. That the matters listed as "Type 1 decisions" in the Company's Articles of Association become Category 2 Mayoral Reserved Matters for the purpose of the MDM; and the application of the General Delegation and General Staff Authorisation, as set out in MDM to the matters listed as "Type 2 decisions"; and
7. The appointment of the AD of Intelligence (or such substitute as he may nominate) to represent the Mayor and to exercise any functions of the GLA in its capacity as the sole member of SME Wholesale Finance London Limited in its general meetings or otherwise under company law ("GLA's Member Representative") outside of those matters (Type 1 decisions) being reserved for the Mayor.

Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision, and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:



Date:

5/7/12

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR

Decision required – supporting report

1. Introduction and background

Introduction

- 1.1. SME Wholesale Finance Limited (SMEWFL) is a company limited by guarantee. Its company members are the GLA and five other organisations and individuals. In June 2017, the Mayor (through MD2086) approved the commitment and award of up to £32m European Regional Development Fund to SMEWFL. Related to that, the MD also approved the acquisition of SMEWFL by means of the GLA becoming its sole company member, thereby paving the way for SMEWFL becoming a wholly owned subsidiary company of the GLA. MD2086 also stated that the GLA would set out the most appropriate model of ownership and review SMEWFL and the GLA's governance arrangements in a subsequent Mayoral Decision before the acquisition takes place.

Company Background and Current Position

- 1.2 SMEWFL, which trades as "Funding London", was set up by the London Development Agency (LDA) in 2004 as an arms-length entity to help improve the provision of finance for SMEs in London. A number of investment funds have been disbursed through Funding London since its inception, including the London Technology Fund (£4.6m), the MMC London Fund (£11m) and the London Co-investment Fund (£25m).
- 1.3 SMEWFL was established following a Mayoral approval¹ (MA 1377), for the purpose of providing and administering venture capital and loan funds to London based SMEs, which found it difficult to access traditional sources of finance. One of the explicit aims of setting up SMEWFL was that it would enable the repayments from venture capital and loan fund investments to be held in a permanent, legally recognised vehicle for the purposes of reinvesting the proceeds for similar initiatives in the future.
- 1.4 SMEWFL is a company limited by guarantee incorporated under the Companies Act 2006. It has six "company members" ("CMs") comprising the GLA and five others: London First, DEP International and Brunel University (as organisations) and two other individuals. Each of the six current CMs nominate a person (who may or may not be employed by their organisation) to be a Director to serve on the Company Board. The GLA is a CM, having taken over the LDA's membership, and the current GLA-nominated Director is Andrew Collinge, the GLA's Assistant Director of Intelligence. The Board can itself appoint a further two other persons as Directors. The Company's Chair (Sir Harvey McGrath) and Chief Executive Officer (CEO) have been appointed by the Board on this basis. The Company has five employees, including the CEO and they will continue to be employees of the Company rather than becoming GLA employees.
- 1.5 The GLA has a greater level of control and oversight over SMEWFL than the other five CMs as the Company's Articles of Association ("AoA") detail a number of decisions/ activities that require GLA consent before they can be put into action ("Company reserved matters"). These include, amongst other things, activities such as setting up joint ventures or consortiums, any borrowing by the company or buying or selling any property. The GLA's consent is also required to make any amendments to the AoA. (See paragraph 4.7 below as to proposed future arrangements.)
- 1.6 Along with its membership in SMEWFL, all the LDA's rights and obligations under the grant agreements were transferred to the GLA under the statutory transfer scheme 2012, which came into force on 31 March 2012 when the LDA was abolished.

¹ Under legislation applying to the LDA the Mayor's consent was required for it to become a company member.

1.7 The objects of SMEWFL are to:

- invest in, or give financial support to, and assist SMEs based in London to enable them to secure finance and investment to facilitate their growth;
- establish investment funds to provide loan or equity finance, or other financial support, to London based SMEs;
- carry out activities to support the Mayor's Economic Development Strategy; and
- undertake activity conducive and ancillary to Objects 1- 3.

1.8 In 2014, as part of a governance review, MD1447 approved a number of changes to SMEWFL's governance arrangements. These included:

- a requirement to submit an annual business plan detailing aims, objectives and delivery timescales for key work streams for the upcoming financial year;
- changes to the AoA to reduce the volume of matters requiring consent;
- quarterly review meetings between GLA and SMEWFL;
- GLA Officer attendance at the Board Meeting; and
- the appointment of a new Chair to take over from the retiring Chair.

1.9 These changes brought SMEWFL in line with other organisations the GLA funds and/or has oversight of and provides a better balance between enabling operational autonomy and protecting the GLA's interests.

GLA acquisition of SMEWFL

1.10. MD2086 approved the GLA acquiring the Company and it becoming a wholly owned GLA subsidiary. As SMEWFL is a company limited by guarantee (i.e. without shares), this is to be effected by the other five CMs resigning their Company membership and no replacement CMs being re-appointed. That will leave the GLA as the sole remaining CM, at which point SMEWFL becomes a subsidiary company wholly owned by the GLA. Changes will be required to the AoA – which will also need to be approved by the existing SMEWFL Board – to allow this to happen and to make other necessary consequential changes to facilitate future governance arrangements. The six current CMs will be asked to approve the changes and they will come into effect the same day. Letters of resignation of Company membership have been prepared for signature by the five other CM's, at which point the GLA becomes the sole Company member and sole owner.

1.11. It is proposed that from the point it becomes a wholly-owned GLA subsidiary all its eight Directors are appointed by the Mayor. In addition, the Mayor should directly appoint the Company's Chair. (The deputy Chair would be appointed by the Board itself).

1.12. The Company has one subsidiary company, Funding London Limited ("FLL"), a private company limited by shares incorporated on 25 April 2014. SMEWFL owns the entire share capital in Funding London Limited. This company is dormant and was created for the purpose of securing the trading name "Funding London" and its activities are conducted through SMEWFL. Therefore, FLL would also be subject to local government standards, legal and financial rules as relevant and further described in this paper.

1.13. The Company has member interests in certain active and non active funds including, London Co Investment Fund Limited Liability Partnership, ("LCIF"), an equity fund that provides seed financing for young start-ups in the Science, Digital and Technology sector. LCIF was incorporated on 2 December 2014 with two members, SMEWFL and Capital Enterprise (UK) Limited ("Capital"). Capital provide marketing and support services to LCIF. Through LCIF's Partnership Deed and other contracts, SMEWFL shall in effect have all the voting rights in LCIF. As Capital effectively has no

voting rights in LCIF and has no rights to any distributions of profits or capital, LCIF is in effect a wholly controlled subsidiary of SMEWFL.

- 1.14. SMEWFL is also a limited partner of MMC London Fund Limited Partnership, an investment fund that is managed by external fund managers MMC Ventures Limited. The fund has recently ended its investment period and SMEWFL has committed over £14 million in investment. A limited partnership is not a separate legal entity or a subsidiary company of SMEWFL so liabilities of MMC London Fund would reside with SMEWFL and again it would be subject to local government standards, legal and financial rules as relevant and further described in this paper.
- 1.15. Officers recommend that the current Directors listed at Appendix 2 stay in place for the time being. The Mayor is therefore asked to invite and re-appoint the current Directors (the GLA representative (ie. a GLA member of staff), five other Directors and two extra independent Directors appointed by the Board itself) to remain on the Board. Their appointment by the Mayor will be by letter of appointment in the normal way and subject to terms and conditions of appointment, which will fix their terms and provide for their removal in certain circumstances, to be sent separately. These appointments will be unpaid roles. The Directors will be asked to confirm agreement by signing copies of their letters of appointment.
- 1.16. It is proposed the Assistant Director (AD) of Intelligence remain as the GLA's director and also assumes the role of the GLA's Member Representative. This is to provide for continuity in the medium-term. The AD of Intelligence's role will, in respect of both these positions, be kept under review and as per the requested delegation, the Head of Paid Service (HOPS) may, in consultation with the Chief of Staff, appoint a different individual or individuals to either role. This delegation may only be used to effect the next change to each of these roles and within the 12 months following the date of this decision. After that point, it will revert to being an appointment made directly by the Mayor in the usual way (via a Mayoral letter).
- 1.17. At the point the GLA is the sole CM, the Company will be a wholly owned subsidiary of the GLA and so a body to which local government standards, legal and financial rules are relevant. As a result certain changes are required to be made to the Company's AoA. The proposed amended AoA are at Appendix 1. It is proposed that the changes are approved by the Mayor with a delegation to the Executive Director of Development, Environment and Enterprise to make further non-material changes necessary to complete the acquisition of SMEWFL. The key recommended changes to the AoA are to reflect that the GLA is the sole CM of SMEWFL and to give the GLA greater control over the Company to provide a better balance between enabling operational autonomy and protecting the GLA's interests. The main changes are as follows:

Article 4 - Directors & Chair.

- Only the Mayor can appoint and remove all Directors subject to letters of appointment.
- The Mayor may designate the Chair.
- Directors appointed must have the skills and experience necessary to promote the success of the Company and help to achieve its Objects.
- A Director can be removed subject to the terms and conditions of the letters of appointment.

Article 12 - Alternate Directors

- Before an alternate Director is appointed the GLA shall be consulted and can either (i) give consent; or (ii) seek another alternative director

Schedule 1, Paragraph 7 – Casting vote

- The Chair shall have the casting vote at Board Meetings

Schedule 3, Paragraph 5 - Voting

- The voting restrictions in relation to the Local Government and Housing Act 1989 have been deleted as the GLA will wholly own SMEWFL and these restrictions are no longer appropriate.

Schedule 3, Paragraph 11 – matters requiring consent (see below for more information on these changes)

Type 1

- An annual business plan, operational budget and levels of financial authority by April each year.
- Any significant changes to the matters in 11.1.9 above, with GLA officers to be consulted on what represents a significant change.

Type 2

- Determining the rates and eligibility criteria for staff remuneration, travelling and other allowances and pensions and gratuities.
- Any significant changes to Board's scheme of delegation to officers and staff with GLA officers to be consulted on what represents a significant change.

Schedule 3, paragraph 12 - Accounts

- amended to permit the GLA to inspect SMEWFL accounts. Previously no member could inspect the accounts unless authorised by the Board.

Schedule 3, paragraph 13 - Avoiding Influenced Companies

- This has been deleted as SMEWFL will be a regulated company so this paragraph is no longer applicable.

Definitions

- Amended the definition of GLA and included a new definition of Mayor.

SMEWFL's internal governance arrangements

1.17 Having been established for 13 years, the company has in place a number of robust policies and processes covering a range of normal business activities, such as;

- Company HR Manual & Procedures
- Employment & Recruitment
- Standards of Business Conduct
- Performance Appraisal
- Absence
- Grievance & Disciplinary
- Prevention of Bullying & Harassment
- Equality & Diversity
- Health & Safety
- Responsible Procurement
- Document Retention

It is not envisaged that there would be the need for an immediate requirement to review SMEWFL's policies in place as SMEWFL will be an arm's length company (please see paragraph 4.13 for further details) but in addition to the above, now being wholly owned by a public authority the Company will be required to adhere to the GLA's Use of Resources policy.

1.18 In addition, the Company will be asked to put in place the equivalent of an internal scheme of staff delegation to document what decisions/ actions are reserved to the Board (subject to GLA approval) and what can be done by the CEO and her staff without reference to the Board. (Future changes to this document will require GLA approval as a Company reserved matter.)

- 1.19 In terms of delivery oversight, scrutiny and performance management, there is already a comprehensive performance management framework in place, as outlined in paragraph 1.8 above, that will be continued.

2. Objectives and expected outcomes

- 2.1. SMEWFL's vision is to be the catalyst for growth businesses within the capital by:
- providing strategic funding and independent support for early stage businesses within the London ecosystem;
 - enabling sustainable growth opportunities for small businesses;
 - supporting fund managers to deliver investment to small businesses; and
 - reinvesting success, fuelling the continuous fund provision to support the next generation of high growth businesses.
- 2.2. SMEWFL's medium term objective is to generate opportunities to diversify its activities by publicising the impact of its funds and its successes and promoting and leveraging its knowledge and expertise into other areas of the funding ecosystem. Using the £32m European Regional Development Fund approved in MD2086 to set up a SME Investment Fund would help towards meeting the above objectives.

3. Equality comments

- 3.1. No adverse impacts are identified and positive contributions to equality are built into the proposal.
- 3.2. The funding agreements between the GLA and SMEWFL place a duty on SMEWFL to pay due regard to the need to promote equality of opportunity for all persons irrespective of their race, sex, disability, age, sexual orientation or religion, to eliminate unlawful discrimination; and to promote good relations between persons of different racial groups, religious beliefs and sexual orientation.

4. Other considerations

Links to Mayoral Strategies

- 4.1. The proposals are in line with the overarching vision and objectives outlined in the Mayor's Economic Development Strategy (EDS) and 'A City For All Londoners'.
- 4.2. The second objective of the EDS sets out the Mayor's intention to ensure that London has the most competitive business environment in the world by providing support for innovative activities, fostering entrepreneurial skills, and helping business access funding.

Due Diligence

- 4.3. External legal and financial due diligence reports were commissioned to understand the risks of acquiring SMEWFL. The reports highlighted a number of areas which the GLA needed to consider before an acquisition process could begin. These were split into actions that needed to be resolved pre-acquisition and actions that could be resolved post-acquisition. These are summarised in the Part 2 paper with MD2086.
- 4.4. All the pre-acquisition actions are now complete and officers are satisfied that they do not constitute a material risk to impede on the process of acquiring SMEWFL.

SMEWFL's governance relationship with the GLA

- 4.5 The GLA's Mayoral scheme of delegation – called 'Mayoral Decision-Making in the GLA' ("MDM") – provides the framework within which the Mayor's Powers are retained by him, delegated to others and exercised. It sets down also the rules and parameters for and within which decision-making in the GLA takes place; including, at Part F, in respect of the GLA's Subsidiary Companies.
- 4.6 The current version of MDM was drafted with reference to the GLA's then two extant subsidiaries: Greater London Authority Holdings Limited (GLAH) and GLA Land and Property Limited (GLAP). These two companies are in effect "shell companies"; the companies therefore simply implemented GLA decisions and so Part F of the MDM seeks to minimise duplication of decision-making. There are, however, several important differences between GLAH and GLAP on the one hand and SMEWFL on the other. This means it is not expedient to apply Part F of the MDM, as currently drafted, so as to govern the interaction of decision-making between the GLA and SMEWFL. The main differences are:
- GLAH and GLAP do not have their own staff and rely on GLA staff to process their actions; SMEWFL has its own directly employed staff and it will not rely on GLA staff to undertake its activities;
 - GLAH and GLAP's Directors are all senior members of GLA staff; the Mayor will appoint SMEWFL's Directors, but not all SMEWFL Directors will be GLA staff;
 - related to the two points above, GLAH and GLAP decisions and decision-making is significantly integrated with that of the GLA: the GLA's decision-making rules apply, generally speaking, to their decision-making and expenditure as they do to the GLA itself; SMEWFL will, on the other hand, require greater autonomy to operate effectively (within the context of the performance management framework set out at paragraph 1.8).
- 4.7 SMEWFL's AoA govern the scope of its activities. In addition, a number of other key actions/decisions will require GLA approval under Schedule 3, Section 11 of the Company's AoA as "Company reserved matters" (see Appendix 2). Furthermore, SMEWFL will be required to document what decisions/ actions are reserved to its Board and what can be done by staff. Finally, under the existing AoA the CMs have the ability to pass a resolution (in general meeting) to instruct the Board to take or refrain from particular actions. As the GLA will be the sole CM after acquisition, the Mayor (through his Member Representative acting in general meeting) will be able to direct the Board in much the same way he has powers of direction over the functional bodies. Taken together, the Mayor will have a relationship with SMEWFL with similarities to that with the London Legacy Development Corporation (LLDC), where the Mayor appoints its Board and, although it is a separate legal entity, LLDC is required to obtain GLA consent for a number of matters that have a potential financial or reputational impact on the GLA, including its budgets and business plan, and where there is a reserve power of direction allowing the Mayor to enforce ultimate control if ever necessary.
- 4.8 Officers have concluded that given the level of Mayoral control that exists through the AoA, and given also the differences between GLAH and GLAP listed above, SMEWFL should be expressly excluded from Part F of the MDM as drafted.
- 4.9 Nevertheless, there will still need to be a formal interaction between the framework provided by MDM and the oversight framework for SMEWFL. The point of interaction is the aforementioned consents regime (Schedule 3, Section 11 of the Company's AOA). The consents are delineated into two types: 'Type 1' and 'Type 2' matters.

It is proposed that decisions on Type 1 matters:

- become "Category 2" Reserved Mayoral Matters (as listed in Appendix 1 of MDM) – that is, decisions reserved for the Mayor as a matter of policy choice – for which approval should be given directly by the Mayor, normally through a Mayoral Decision Form.

It is proposed that decisions on Type 2 matters:

- can be taken by members of GLA staff under (as appropriate) either the General Delegation (by those listed in Appendix 3 of the MDM) or other staff under the General Staff Authorisation (set out in Part C of MDM).
- Officers will determine whether the decision requires a Director or Assistant Director decision form; or if it can be actioned through some other type of record in writing.

- 4.10 MDM will also apply in respect of the appointments of Directors and Members to SMEWFL. These will fall within the GLA's usual appointment arrangements, with Mayoral letters required, noting the above (see paragraph 1.16) temporary delegation to the HOPS for a period of 12 months .
- 4.11 The above changes, and associated clarifications, will be incorporated into the MDM document at the point of its next update for ease of reference; but will irrespective apply from the point at which this MD is approved by the Mayor.
- 4.12 The practical effect is that outside of those matters requiring GLA consent under Schedule 3, Section 11 of its AoA (Type 1 and Type 2 matters), SMEWFL has the autonomy (subject to its internal scheme of delegation) to operate effectively and pursue its objects, recognising the very different nature of its business to that of the GLA. The GLA does also, however, through the process for securing consents in certain circumstances and its performance management framework put in place safeguards over and above the ultimate safeguard: that the GLA is the sole CM and has the reserve power to direct the Board as to its actions and decisions.
- 4.13 As noted at paragraphs 4.6 and 4.12 above, SMEWFL is a different type of company to the GLA's other wholly owned subsidiaries; it has its own employees and due to the nature of its activities (financial markets) it would not be considered appropriate to have the same relationship as it does with GLAP and GLAH. SMEWFL requires more autonomy to enable it to undertake its day to day operations. Therefore, SMEWFL will operate as an arm's length company to the GLA, for example, it will secure its own company secretarial and legal support and have its own policies in place.

Key risks

- 4.14 In addition to the issues raised through the due diligence process that have been resolved, the key risks for the GLA are:
- a) **Financial:** Being a 100% GLA-owned company; SMEWFL and FLL would be consolidated within the GLA's Group Accounts. This would mean any debt, either existing or new would be included on the GLA's balance sheet and the GLA will need to assess any financial risk if and when they arise. Consolidation would also create an additional administrative burden for GLA Finance.
 - b) **Returns, cash flow and financial liability:** SMEWFL currently operates on the basis that its operations are funded from the projects it delivers for the GLA and any returns from previous investments. As the timings and values of returns from investments are uncertain, there is a risk that SMEWFL may approach the GLA with a request for grant funding to support staffing or operational costs to smoothen its cash flow. In addition, if the company were to dissolve, it would be very difficult reputationally for the GLA not to pick up liability for any costs or debts incurred given SMEWFL would be wholly owned by the GLA.
 - c) **Reputational:** SMEWFL's reputational risk would be further intertwined with the GLA's. If SMEWFL were to fail or make a controversial investment decision, the GLA and the Mayor of London could find itself exposed financially and politically.

- d) **Appetite for Private Sector to engage:** There may be a reduced appetite of the private sector to work with a wholly owned public company, particularly at Board level, or in relation to new opportunities.
- e) **Governance:** A lack of clarity on the consents that are required, the process for giving those consents and the interaction with the GLA's decision-making framework would expose the GLA to significant risks; the impact of which would be limited control over the activities of SMEWFL and a failure to properly consider and authorise proposals. The arrangements the Mayor is being asked to approve through this document will address this risk. It should be noted, however, that this is a novel arrangement for the GLA and although input has been provided from legal, governance and finance officers, there is some residual risk as a result.

4.15 As mentioned in paragraph 1.13, there is no intention to make any significant change at this time to the arrangements, subject to SMEWFL and FLL being a 'Regulated Company' of the GLA under the Local Authorities (Companies) Order 1985. Therefore SMEWFL and FLL will be subject to legislative requirements, such as application of the Freedom of Information Act 2000, access to the GLA's auditors and identification of the GLA as the controlling authority on its business communications.

5. Financial comments

- 5.1 The GLA has approved funding of £25 million for the London Co Investment Fund following recommendation from the former London Enterprise Panel (now LEAP) on the expectation that this was fully repaid and re-invested on its priorities. To date a total of £14.8 million has been drawn down by SMEWFL for LCIF and the fund is not expected to be fully invested until after 2018. Returns are not anticipated to be fully repaid until the early 2020s. There is no direct control by the GLA over the investments made by LCIF or the timing of exits for repayment, but the performance of the Fund will continue to be closely monitored through the oversight arrangements which are underpinned by a funding agreement with SMEWFL and which would not be affected by the recommendations in this decision.
- 5.2 The GLA has also approved funding of £32 million of ERDF funding to SMEWFL for loans and equity investments and the drawdowns from the Department for Communities and Local Government and investment performance will similarly be underpinned by a funding agreement and part of the GLA's oversight arrangements. The proposed application of the £32 million ERDF funding is to create a new £100 million 'fund of funds' to provide loan and equity investments. This would involve a £50 million loan from the European Investment Bank (EIB). The loan and its terms will be subject to a separate GLA decision. SMEWFL and any subsidiaries would be consolidated in the GLA's group statement of accounts and this will include any EIB borrowing by those entities.
- 5.3 SMEWFL's insurance cover was part of the due diligence on acquisition and this will continue to be kept under review in the monitoring of the company's on-going operations.

6. Legal comments

- 6.1 This section of the paper covers legal issues not covered elsewhere. The GLA's principal purposes, under section 30 of the Greater London Authority Act 1999, are to promote economic development and wealth creation, promote social development, and the improvement of the environment, all in Greater London. The GLA has power to do anything which it considers will further any one or more of its principal purposes. The investment activities of SMEWFL under ERDF and other funding programmes fall within these principal purposes.
- 6.2 Under section 34(1) the GLA may do anything it considers will facilitate or is conducive or incidental to the exercise of the section 30 principal purposes. Sections 30 and/or 34 provide the legal powers

for the GLA to become the sole company member of SMEWFL on the resignation of the other members, and thereby for the company to become a wholly owned subsidiary of the GLA.

- 6.3 At the point that SMEWFL becomes a wholly owned GLA subsidiary company it becomes subject to local government law and relevant local government accounting and other financial practices. A public body cannot generally delegate its statutory powers to a subsidiary. Therefore a balance has to be struck between the GLA (the Mayor and delegated GLA staff) approving a framework consistent with his statutory powers, within which the company will operate on a day to day basis. The performance management framework and controls outlined in section 4 above strikes an appropriate balance and provides the GLA with the necessary degree of oversight and exercise of Mayoral powers but allows the Company sufficient autonomy to operate efficiently on a day to day basis.
- 6.4 As a wholly owned subsidiary SMEWFL and FLL are also regarded as “Regulated Companies” under the Local Authorities (Companies) Order 1995 (as amended) which imposes duties on the company including as regards the identification of it as a GLA subsidiary on its company documentation, the access of the GLA auditors to its accounts and also the right for GLA elected members to inspect its meeting agendas and minutes.
- 6.5 The Mayor can authorise a GLA director under section 38 of the GLA Act to exercise the GLA’s rights as a company member at company general and board meetings in order to acquire sole ownership and control of the company. This is provided for by the appointment of the Assistant Director of Intelligence (or such other person as he may nominate or HOPS may choose to appoint) as the GLA’s Company Member Representative at recommendation 1.

Appendices and supporting papers:

Appendix 1: Proposed Amended Articles of Association of SMEWFL

Appendix 2: List of current Directors

Background Papers:

MD2086 Part 1 and 2 (not appended)

MA 1377

MD1447

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after approval or on the defer date.

Part 1 Deferral:**Is the publication of Part 1 of this approval to be deferred? YES**

If YES, for what reason: Until SMEWFL's Board has agreed the revised Articles of Association.

Until what date: Expected 30 September 2017.

Part 2 Confidentiality: Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form – NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

Nabeel Khan has drafted this report in accordance with GLA procedures and confirms the following:

✓

Sponsoring Director:

Fiona Fletcher Smith has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

Mayoral Adviser:

Rajesh Agrawal has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

Corporate Investment Board

This decision was agreed by the Corporate Investment Board on 04 September 2017.

EXECUTIVE DIRECTOR, RESOURCES:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature

Date

TOM MIDDLETON ON BEHALF OF MARTIN LARKE

CHIEF OF STAFF:

I am satisfied that this is an appropriate request to be submitted to the Mayor

Signature

Date

D. Bellamy

4/9/2017

